



THE UNITED STATES ATTORNEY'S OFFICE
SOUTHERN DISTRICT *of* WEST VIRGINIA

[U.S. Attorneys](#) » [Southern District of West Virginia](#) » [News](#)

Department of Justice

U.S. Attorney's Office

Southern District of West Virginia

FOR IMMEDIATE RELEASE

Tuesday, June 19, 2018

Former Cabinet Secretary Pleads Guilty to Embezzling Fire Department Funds

He stole over \$178,790 between 2013 and 2016 from Teays Valley Fire Department

**In Separate Embezzlement Scheme Wife Embezzles over \$75,000 from the Same Fire
Department**

HUNTINGTON, W.Va. – A Hurricane man and former West Virginia Cabinet Secretary pled guilty today to embezzling \$178,790 from the Teays Valley Volunteer Fire Department, as well as to a related tax crime, announced United States Attorney Mike Stuart. Clifford Keith Gwinn, 64, formerly the Cabinet Secretary of the West Virginia Department of Veterans Assistance, faces up to 15 years in prison, a \$500,000 fine, 3 years of supervised release and a \$200 special assessment when he is sentenced on September 17, 2018. He has agreed to pay restitution to the Fire Department in the amount of \$178,790 and to the Internal Revenue Service in the amount of \$68,281. U.S. Attorney Stuart commended the investigative efforts of the Federal Bureau of Investigation, the Internal Revenue Service Criminal Investigation Division, the Office of Inspector General for the U.S. Department of Homeland Security, and the West Virginia Commission on Special Investigations.

“Egregious criminal conduct,” said United States Attorney Mike Stuart. “To steal from our first responders, those that save our lives and protect our homes, for personal greed is beyond comprehension. It’s disappointing to say the least that a former public official serving at the highest levels of West Virginia state government would steal from first responders, the very folks who would run into danger to save him. It’s tragic. My team stands ready to aggressively prosecute elected officials who violate the basic public trust of honest service.”

Gwinn admitted that as Vice President and fiscal officer of the Fire Department, he was in charge of the financial affairs of the Fire Department and exercised significant control over the Fire Department’s finances. He admitted that his duties included reporting income and expenditures

to the Fire Department, preparing and submitting taxes for the Fire Department, and assisting with applications and reimbursements for federal grants, among other duties. He further admitted that he, without authorization from the Fire Department, opened a Fire Department bank account where only he had signature authority, transferred funds into that account without the knowledge or authorization from the Fire Department, ensured certain health care insurance company reimbursements were deposited into that account, and wrote himself checks and checks to cash out of that account, which he then typically cashed. He admitted that he further instructed the Fire Department's Treasurer to write him checks from other Fire Department bank accounts and further misrepresented the amount of bank account balances to the Fire Department officers and board members. He also admitted that he structured withdrawals out of the Fire Department's accounts in series of transactions below \$10,000, to prevent the banks from filing Currency Transaction Reports. While he admitted that he systematically deposited cash into Fire Department bank accounts, his overall withdrawals and payments received significantly overwhelmed the amount of any deposits. He also admitted that he had no authorization to write himself checks or receive and cash checks from the Fire Department, and was not entitled to any compensation.

During the period from 2013 through 2016 that Gwinn embezzled \$178,790 in Fire Department funds, the Teays Valley Volunteer Fire Department received grants from the Federal Emergency Management Agency (FEMA), an agency of the United States Department of Homeland Security. These grants allowed the Fire Department to pay firefighters and to purchase and maintain equipment.

Furthermore, Gwinn admitted that that while he was Vice President and fiscal officer for the Fire Department, the Fire Department withheld taxes from its employee's paychecks, including federal income taxes, Medicare, and social security taxes, together known as payroll taxes. He admitted that he knew that he had the corporate responsibility to collect, truthfully account for, and pay over the Fire Department's payroll taxes. Gwinn admitted that from October 31, 2015 through April 30, 2017, while Gwinn was a responsible person for payroll taxes, Fire Department failed to account for and pay over approximately \$61,421.31 in payroll taxes.

Gwinn further admitted that when he filed his personal income tax returns with the IRS, those returns were false because they failed to account for the funds he had embezzled from the Fire Department.

In a related prosecution, but separate embezzlement scheme, Gwinn's wife, Kathy Sue Gwinn, 52, was sentenced yesterday for embezzling over \$75,000 from the Teays Valley Volunteer Fire Department. Kathy Gwinn was ordered to jail for a weekend a month for five months, ten months home confinement, and 3 years supervised release, plus probation.

Gwinn formerly served as the Treasurer of the Teays Valley Volunteer Fire Department. As Treasurer, she generated payroll checks for firefighters and signed the payroll checks on a Fire Department bank account. Gwinn volunteered for the Fire Department, and had no authority to write herself checks, nor was she entitled to wages, salary, or compensation for her role as Treasurer. Beginning in October 2014, and continuing through March 2017, she printed and wrote herself unauthorized checks from the Fire Department's payroll account, noting on the memo line of the checks that the checks were for payroll, overtime, or tax preparation. Gwinn

moved money from one fire department bank account into the bank account primarily used for payroll, and when she transferred those funds, she inflated the amount of the transfer to include enough to cover the unauthorized checks she planned to write to herself. Over the course of her scheme, she embezzled \$75,356.70. Gwinn was ordered to pay this amount in restitution.

During the period Gwinn embezzled funds, the Teays Valley Volunteer Fire Department received grants from FEMA, an agency of the United States Department of Homeland Security. These grants allowed the fire department to pay firefighters and to purchase and maintain equipment.

Assistant United States Attorney Meredith George Thomas was in charge of the prosecutions. United States District Judge Robert C. Chambers presided over the hearings.

Follow us on Twitter: [@SDWVNews](https://twitter.com/SDWVNews) and [@USAttyStuart](https://twitter.com/USAttyStuart)

###

Component(s):

USAO - West Virginia, Southern

Updated June 19, 2018